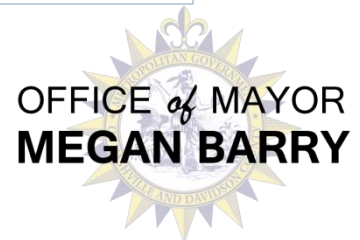


Pay for Success – High Quality Pre-K

Tuesday, March 29, 2016



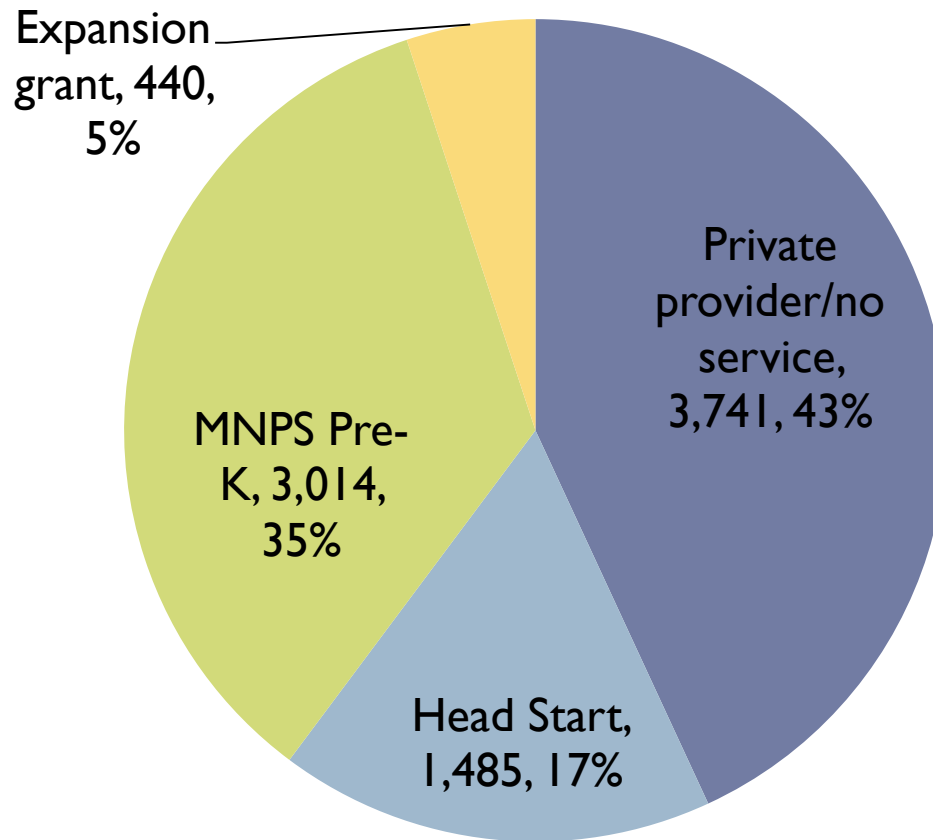
Our purpose

- ▶ The purpose of our PIP is to support the development costs associated with implementing Pay for Success financing to increase the number of high quality Pre-K seats in Davidson County
- ▶ “Pre-K gives more of our children a chance to succeed...I said it during my campaign, and I’m saying it again today: I want Nashville to have true universal Pre-K.”

□ Mayor Megan Barry, Tuesday, December 15, 2015

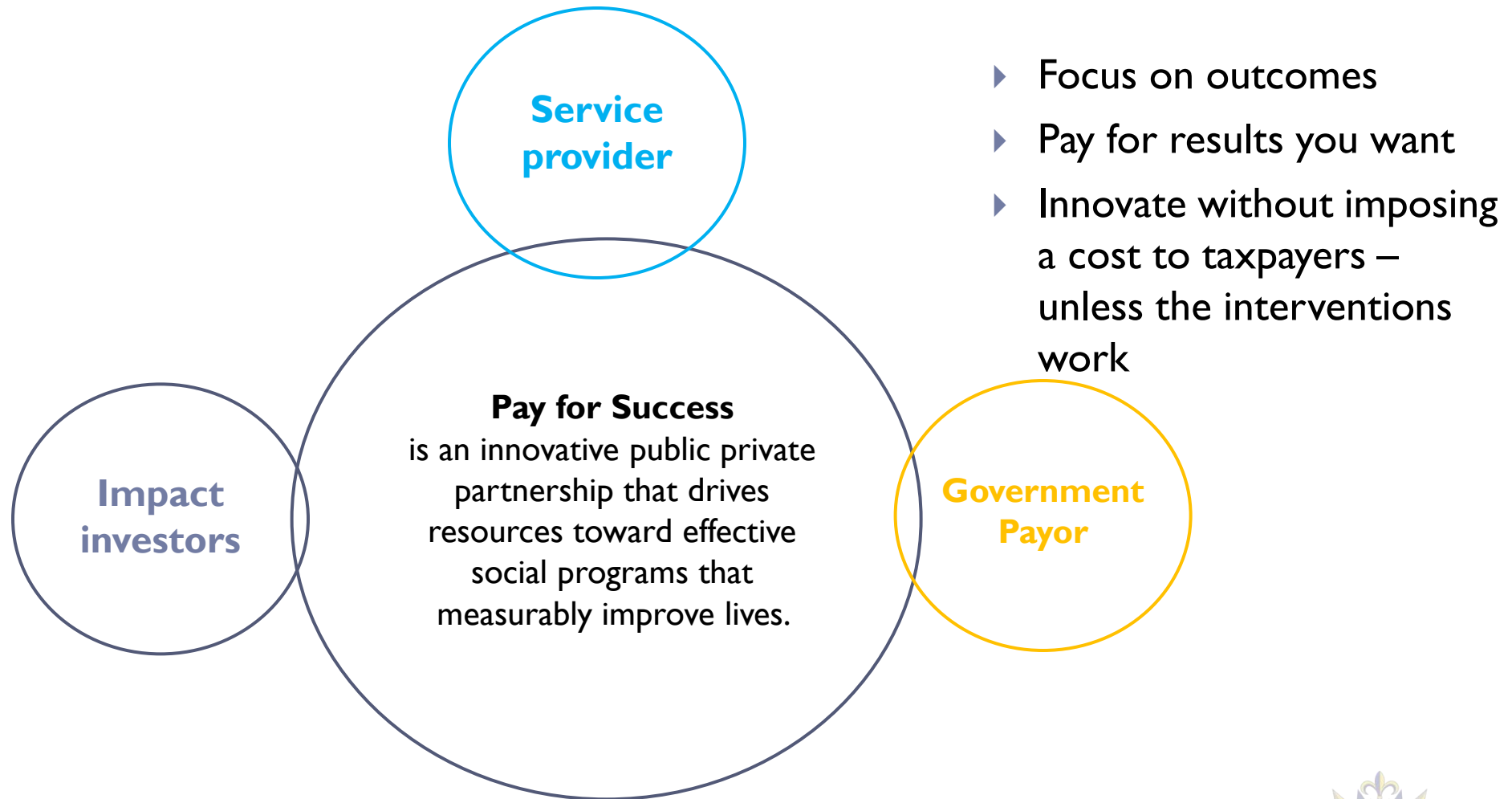


Need remains for additional Pre-K seats



Of those 3,741, at least **1,000** (est.) do not have access to any seat

How do we pay for expansion?



► WHAT DOES IT TAKE FOR A GOVERNMENT TO PREPARE FOR PFS?

While each jurisdiction differs, there are common questions that should be answered early in the process of exploring a PFS project

Evaluation method

- What level of certainty is required by gov't in measuring outcomes?
- How are outcomes currently measured for similar programs?
- What is it worth to gov't to increase the certainty of achieving outcomes?

Data sharing

- What timeline is required to secure a data sharing agreement? Across gov't agencies? With an outside entity?
- What capacity do the relevant gov't agencies have to pull, clean, and manipulate data on an ongoing basis?

Outcomes & economics

- Which specific outcomes (2-3 max) are of interest to gov't?
- What is the current baseline for these outcomes?
- What is the value to society, taxpayers, and gov't of improved outcomes?

Contract structure

- Are there new contract terms required for a multi-year PFS contract?
- Under what circumstances can the PFS contract be terminated?
- What is the required timeline for contract approval?

Legislation & Appropriations

- Is legislation required for a multi-year PFS contract?
- What is the optimal way to obligate funds over multiple years?
- Is legislation required to appropriate funds for multi-year repayment?

Proposed Cost Schedule

- ▶ \$250,000 – Technical assistance (Metro investment)
- +
- ▶ \$500,000 – Technical assistance (Outside sources)
- ▶ \$10 million (\$10k x 1,000 students) – Service provider funding
- ▶ \$35,000 – Audit fees
- ▶ \$50,000 – Legal fees

-
- ▶ Total investment of \$10.2 million

Our team

- ▶ **Laura Moore**
 - ▶ Education Liaison, Mayor's Office
- ▶ **Nancy Shapiro**
 - ▶ Senior Advisor on Innovation, Mayor's Office
- ▶ **Zak Kelley**
 - ▶ Policy and Community Engagement Coordinator, Metro Finance
- ▶ **Mark Murray**
 - ▶ Attorney, Metro Legal
- ▶ **Debbie Mandelker**
 - ▶ Pay for Success Advisor



Timeline of activities

- ▶ Engage community stakeholders to expand our team (Year 1)
- ▶ Secure technical assistance partner (Year 1)
- ▶ Conduct feasibility study (Year 1-2)
 - ▶ Identify a target population
 - ▶ Identify and assess models for expansion
 - ▶ Assess data, legal, and regulatory systems
 - ▶ Assess current contracting processes
 - ▶ Establish evaluation methodology
 - ▶ Engage local funder community
 - ▶ Development “go forward” recommendations

Timeline of Activities (continued)

- ▶ Actively negotiate Pay for Success contract (Year 2)
- ▶ Procure service providers (Year 2)
- ▶ Arrange investors to provide upfront financing
- ▶ Launch of Pay for Success (Year 3)
- ▶ Evaluation and repayment to impact investors based upon pre-determined success measures (Years 4-7)

Benefits to Society/ Savings to Metro

- ▶ More children will have access to quality Pre-K
 - ▶ For every one dollar invested in early childhood education, nearly \$11 are returned to society over the lifetime of the child – an 18 percent return on investment (Arthur et al., 2011)
- ▶ Reduction in need for special education services
 - ▶ \$10,519 – average cost per pupil
- ▶ Reduction in absenteeism/chronic absenteeism
 - ▶ State BEP funding based, in part, on attendance
- ▶ Increased capacity for Metro to move to outcomes based contracting